

## OUTGOING MESSAGE

COMINT

Approved For Release 2000/09/14 : CIA-RDP78S01932A000100200063-7

SIGNAL CENTER USE ONLY

CHANN

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CLASSIFICATION

SECRET NFO/NDA/CD

MESSAGE HANDLING INDICATOR

DATE-TIME GROUP

CITE

MESSAGE REFERENCE NUMBER

CIA/WHSS

SOURCE REF:

SENSITIVE

ROUTING	1	4	7	10
	2	5	8	11
	3	6	9	12

TO: IMMEDIATE WHITE HOUSE//SITUATION ROOM FOR [REDACTED] 25X1A

WARNING NOTICE SENSITIVE INTELLIGENCE SOURCES AND METHODS

INVOLVED

ITEM NO: 811-6

DATE: 23 JAN 74

SUBJECT: USSR STIFFENS TERMS FOR AID TO EGYPT

REF: [REDACTED] SECRET NFO/NDA/CD 25X1A

THE SOVIETS HAVE REPORTEDLY REFUSED TO FURTHER DEFER EGYPTIAN  
MILITARY DEBT REPAYMENT OR TO EXTEND NEW MILITARY CREDITS. THIS

[REDACTED] 25X1A

[REDACTED] THE USSR WAS RELUCTANT TO EXTEND NEW CREDIT DURING

25X1A THE OCTOBER WAR AND ATTEMPTED, THEN, TO EXACT SOME REPAYMENT OF  
OLD DEBTS. SUCH A MOVE NOW WOULD BE A LOGICAL OUTGROWTH OF  
EGYPT'S IMPROVED FINANCIAL POSITION, THEIR PAST POOR REPAYMENT  
PERFORMANCE, AND THEIR COOL ATTITUDE TOWARD THE SOVIETS.4. THERE IS CONSIDERABLE EVIDENCE THAT THE EGYPTIANS ASSIGN  
EVERY LOW PRIORITY TO REPAYMENT OF THEIR MILITARY DEBTS TO THE  
USSR. DURING THE INTERWAR PERIOD THEY REPAYED SOVIET ECONOMIC  
DEVELOPMENT LOANS REGULARLY, AND TYPICALLY MET REPAYMENT

DATE:

ORIG:

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COORDINATING OFFICERS

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CLASSIFICATION

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E 2 IMPDET

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## OUTGOING MESSAGE

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CLASSIFICATION			
<b>SECRET NFO/NDA/CD</b>			
MESSAGE HANDLING INDICATOR	DATE-TIME GROUP	CITE	MESSAGE REFERENCE NUMBER
SOURCE REF:	ROUTING	1 4 7	10
		2 5 8	11
		3 6 9	12

OBLIGATIONS IN THE WEST. THERE IS NO EVIDENCE, HOWEVER, THAT ANY OF THE MILITARY DEBT ACCUMULATED IN CONNECTION WITH THE 1967 WAR HAS REPAYED. DEBT NEGOTIATIONS UNDERTAKEN IN 1973 ARE BELIEVED TO HAVE DELAYED TO 1974 MILITARY REPAYMENTS ON SOME \$1 BILLION OF MILITARY DEBT INCURRED AFTER 1964.

IN 1972 EGYPT SHARPLY REDUCED THE QUANTITIES OF COTTON AND OTHER GOODS SUPPLIED AGAINST THE SOVIET ACCOUNT, INCREASING THEIR CURRENT DEFICIT AND FURTHER POSTPONING THE DATE WHEN A SURPLUS WOULD BE AVAILABLE FOR MILITARY DEBT REPAYMENT. 25X1X

### SOVIET OFFICIALS

WERE COMPLAINING IN MID-DECEMBER 1973 THAT EGYPT HAD SUPPLIED NO MORE THAN ONE-THIRD OF THE GOODS SCHEDULED FOR SHIPMENT TO THE USSR IN 1973. THE MISSING GOODS EVIDENTLY HAVE BEEN DIVERTED TO THE WEST, AN ACTION DIFFICULT TO JUSTIFY EVEN DURING THE IMMEDIATE PRE-WAR PERIOD WHEN EGYPT WAS EXPERIENCING EXCEPTIONALLY RESTRAINED CIRCUMSTANCES. NOW, WITH EGYPT'S FINANCES BOLSTERED BY ARAB AID AND ITS ECONOMIC PROSPECTS GREATLY ENHANCED BY PROGRESS TOWARDS PEACE, ANY ATTEMPT TO AVOID MEETING FINANCIAL

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CLASSIFICATION

SECRET NFB/NDA/CB

MESSAGE HANDLING INDICATOR

DATE-TIME GROUP

CITE

MESSAGE REFERENCE NUMBER

SOURCE REF:

ROUTING	1	4	7	10
	2	5	8	11
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OBLIGATIONS TO THE USSR SUGGESTS DELIBERATE BAD FAITH. ACCORDING  
 TO ONE REPORT [REDACTED] 25X1X  
 HAS VOICED  
 THE FEAR THAT THE USSR WILL BE COMPLETELY "KICKED OUT" IF A FIRM  
 SETTLEMENT OCCURS.

UNDER THE CIRCUMSTANCES, THE SOVIET UNION WOULD PROBABLY  
 EXPECT TO OBTAIN HARD CURRENCY FOR RECENTLY ORDERED ARMS. SOME OF  
 THE MILITARY GOODS ORDERED FROM THE USSR DURING THE OCTOBER WAR  
 WERE PAID FOR IN CASH BY OTHER ARABS. E-2 IMPDET-H

ESPECIAL DISTRIBUTION: EUR/MEA DIV AND MIO [REDACTED]

25X1A

4  
3  
2  
1

DATE: 22 JAN 78 25X1A  
 ORIG: [REDACTED] 2100Z  
 UNIT: STA OPERATIONS CTR  
 EXT: 0360

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